

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. BOX 47029
NEWARK, NEW JERSEY 07101

IN THE MATTER OF:

NICOLE M. SHKEDI

CRD # 3130873

CONSENT ORDER

WHEREAS, the New Jersey Bureau of Securities is the state agency with the responsibility to administer and enforce the New Jersey Uniform Securities Laws, 49:3-47 *et seq.* The Bureau is conducting an investigation into the activities of Nicole M. Shkedi and others involving the conduct as detailed in the findings and order set forth below. Nicole M. Shkedi and the Bureau desire to settle the aforesaid matters without the expense and delay of further proceedings and Nicole M. Shkedi consents to the entry of this order.

The Bureau Chief makes the following findings:

1. Nicole M. Shkedi ("Shkedi"), residing at 20 Birmingham Drive, Manalapan, New Jersey, 07726, was registered with the Bureau as an agent of Knight Securities, L.P., from August, 1998 to February, 2002.
2. Knight Securities, L.P., ("Knight"), a registered broker-dealer having its principal place of business at 525 Washington Avenue, Jersey City, New Jersey 07310, is a public company whose primary business is acting as a market maker for numerous securities and executing order flow from numerous broker-dealers including E-Trade Securities ("E-Trade").
3. Shkedi was employed as an equity trader at the Jersey City, New Jersey office of Knight. Shkedi was responsible for executing trades in approximately fifty

securities on Knight's behalf. As a consequence of her position at Knight, Shkedi knew that E-Trade directed a large portion of its order flow to Knight for execution.

4. By way of background, between at least March, 2001 and February, 2002, certain former traders at Knight engaged in a fraudulent trading scheme that resulted in a \$1.4 million loss for Knight. In furtherance of this scheme, certain traders established and funded nominee accounts away from Knight from which they entered limit orders at artificial prices for the purchase and sale of securities which they intended to be routed to cooperating traders at Knight. The purpose of the scheme was to allow the beneficial owners of the nominee accounts to profit from the transactions by capturing the trading spread on these securities.
5. Beginning in approximately November, 2001 and continuing to February, 2002, Shkedi participated in the trading scheme by agreeing with another trader at Knight to execute transactions at artificial prices favorable to the nominee account and to the detriment of Knight.
6. By executing the buy and sell orders for Knight at artificial prices favorable to the nominee, Shkedi assisted another in obtaining profits in the nominee accounts and eliminated or otherwise substantially reduced the risks associated with the trades.
7. The trading scheme orchestrated and carried out by Shkedi and others described above operated as a device, scheme or artifice to defraud Knight in violation of N.J.S.A. 49:3-52 which is cause pursuant to N.J.S.A. 49:3-58 and

N.J.S.A. 49:3-70.1 for the entry of an order revoking Shkedi's registration as an agent and is cause for the entry of an order assessing a monetary penalty against her and such other relief as the Bureau Chief shall deem necessary in order to fulfill the purposes of N.J.S.A. 49:3-47, *et seq.*

8. As a result of the above described activities, Shkedi is cooperating with the Bureau's investigation and represents that she will continue to cooperate with the Bureau's ongoing investigation. Shkedi has provided the Bureau with a financial statement which the Bureau has relied upon.

THEREFORE,

It is on this 8th day of September, 2003, Ordered that Nicole M. Shkedi is, by consent and without further hearing, barred from acting as an agent, broker-dealer or investment adviser as defined by N.J.S.A. 49:3-49 or from having any association with any broker-dealer or investment adviser in such capacity; or from being employed by any broker-dealer or investment adviser in any trading, managerial or supervisory capacity, and it is

FURTHER ORDERED that the exemptions to the registration requirements provided by N.J.S.A. 49:3-56 are hereby summarily revoked; and it is

FURTHER ORDERED pursuant to N.J.S.A. 49:3-70.1, that Nicole M. Shkedi will pay a civil monetary penalty of \$25,000. The amount of \$25,000 consists of a payment of \$12,500 in connection with the resolution of this action and \$12,500 that Shkedi has offered to pay the United States Securities and Exchange Commission in connection with the resolution of related proceedings; and it is

FURTHER ORDERED that Nicole M. Shkedi will continue to cooperate with the Bureau in its ongoing investigation and make herself available to the Bureau staff upon reasonable notice.

Shkedi shall pay the New Jersey Bureau of Securities \$12,500 within ten (10) days after entry of this order by certified check, bank cashier's check or United States postal money order; and it is

FLW
September 8, 2003

Franklin L. Widmann

Franklin L. Widmann
Chief, Bureau of Securities

DATED: *September 8, 2003*

I, Nicole M. Shkedi consent to the form and entry of this order without admitting or denying the allegations therein.

Nicole M. Shkedi

Nicole M. Shkedi

DATED: *9-5-03*